

# Agricultural Equipment

## *Why Trade Matters*

### INDUSTRY SECTOR REPORT

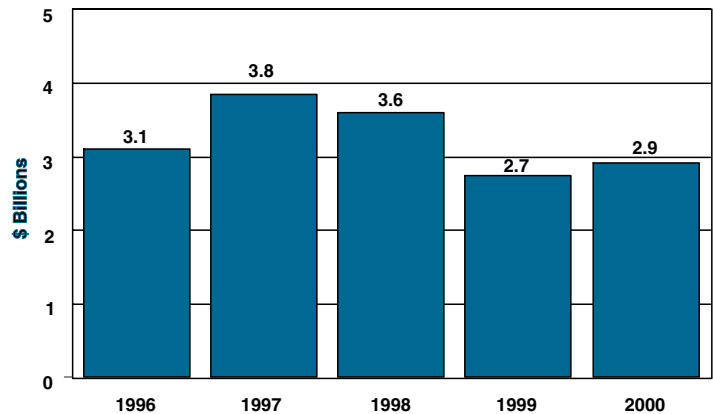
**General information on exports.** U.S. manufacturers of agricultural equipment export nearly \$3 billion annually to 180 countries and territories around the world. Exports increased 6 percent in 2000. Nevertheless, 2000 exports remain lower than their 1997 level of \$3.8 billion. This reflects weakening global demand for agricultural equipment as a result of low agricultural commodity prices precipitated by the world's large crop surpluses.

**Market development.** Despite softening demand, U.S. products lead global markets in the agricultural equipment sector. Large agricultural producers in Latin America offer potential for increased sales.

**Tariffs.** High tariffs for agricultural equipment are still a major deterrent to U.S. exports in a number of foreign markets. In Latin America, which has great potential for U.S. exports, tariffs range up to 21 percent in Argentina and Brazil. India's agricultural equipment tariffs are as high as 30 percent.

**Nontariff barriers.** Restrictive government procurement practices and licensing requirements as well as inadequate protection of intellectual property rights are major nontariff barriers U.S. farm equipment exporters face in many foreign markets.

U.S. Exports of Agriculture Equipment,  
1996–2000





# Agricultural Equipment

**Small and medium-sized enterprises.** Sixty-six percent of all agricultural equipment manufacturers are small or medium-sized enterprises.

**Employment opportunities.** Agricultural equipment manufacturers employ more than 60,000 people throughout the country in all phases of business operations.

**Key producing states.** Alabama, Arizona, California, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Pennsylvania, Nebraska, North Dakota, Texas, Wisconsin

**The sector.** Agricultural equipment includes tractors, harvesting equipment, implements, and a wide range of specialized equipment for handling agricultural commodities including dairy products, feedstuffs, etc.

## BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- The industry benefited from the Uruguay Round zero-for-zero agreement on agricultural equipment, which eliminated tariffs in key developed country markets. Canada and Mexico, the United States' NAFTA trading partners, together account for 35 percent of total U.S. agricultural equipment exports. U.S. exports to Mexico grew 23 percent in 2000, while exports to Canada grew 10 percent.